

FY 2013 Operating Budget Revenue Projections

April 3, 2012 City Council Meeting



Purpose of Presentation



1. Discuss FY 2012 Revenue Adjustments
2. Discuss FY 2013 Revenue Projections
3. Determine Amount of Property Tax Revenue to Include in FY 2013 Revenue Projections

1. Discuss FY 2012 Revenue Adjustments

Summary: As of February 2012



- FYTD Revenues are 10% Greater than Last Year
- FYTD Revenues are 4% Over Budget
 - Sales tax revenues (local portion and statewide) are better than expected
 - Building Permit and Related Activity continuing to showing improvement

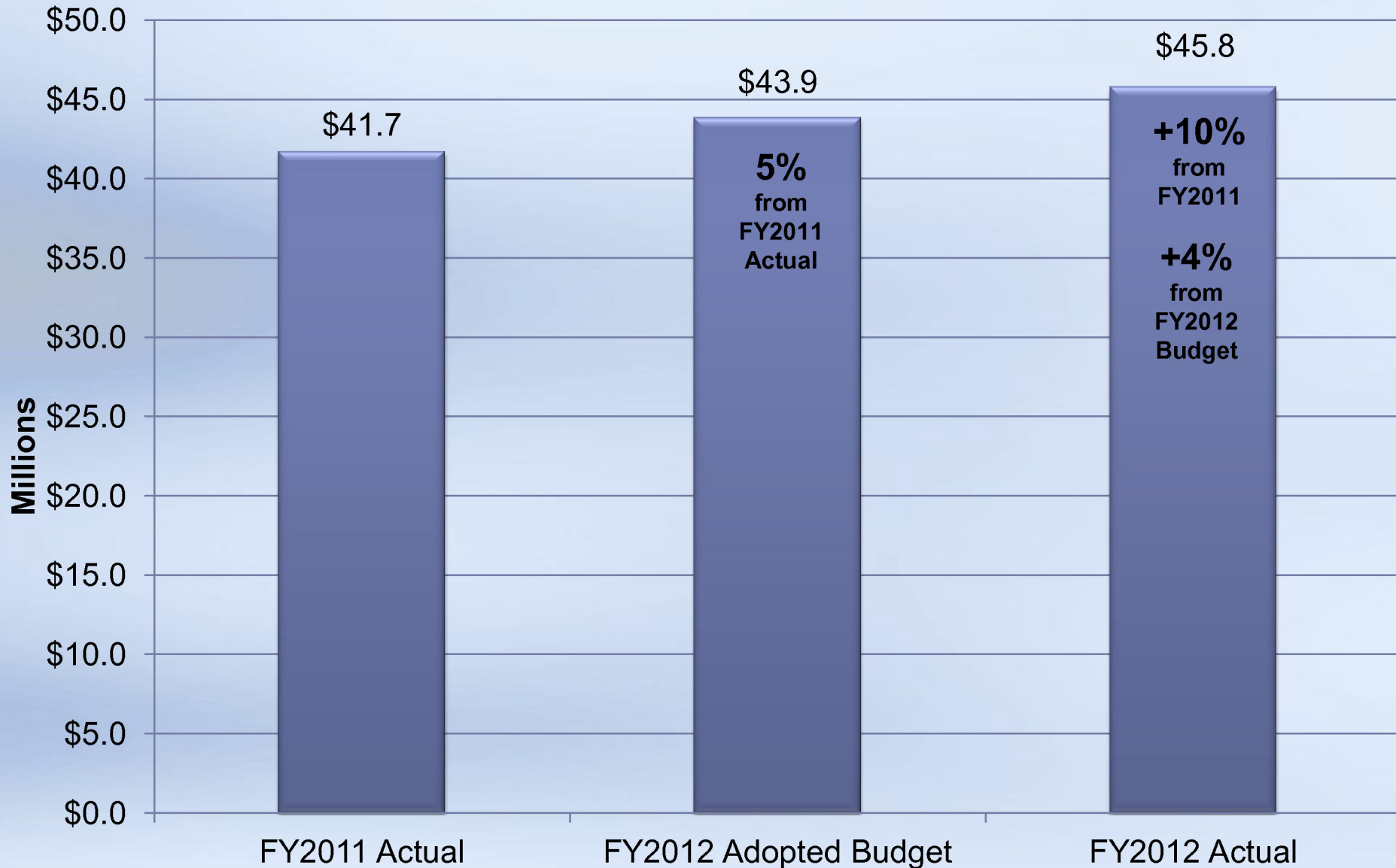
FYTD Results as of February 2012



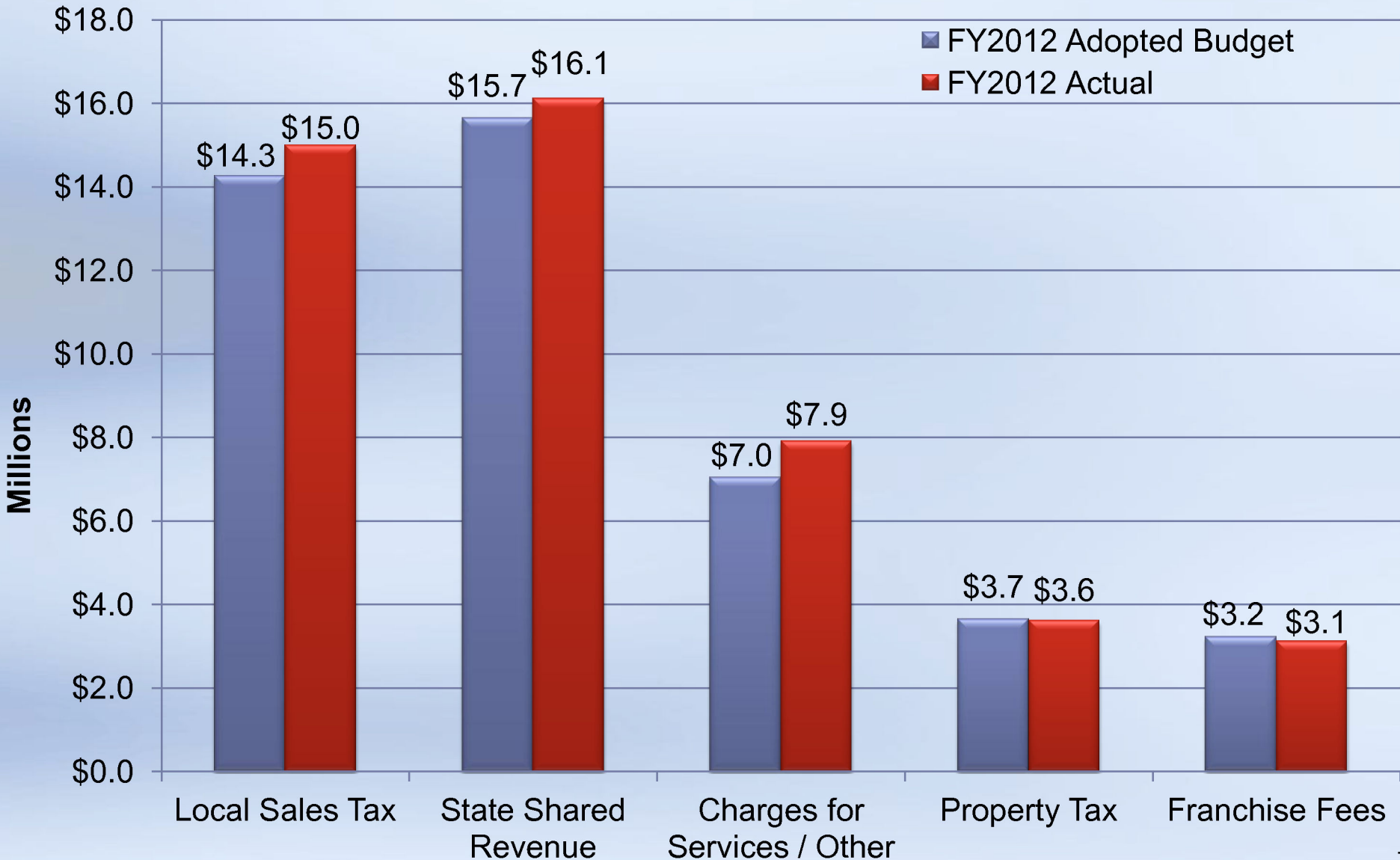
	Adopted Budget	FYTD Budget	FYTD Actual*	FYTD \$ Variance	FYTD % Variance
Total Revenues	\$ 81.8	\$ 43.9	\$ 45.8	\$ 1.9	4%

*Reflects 6-8 months of revenue (depending on revenue type).

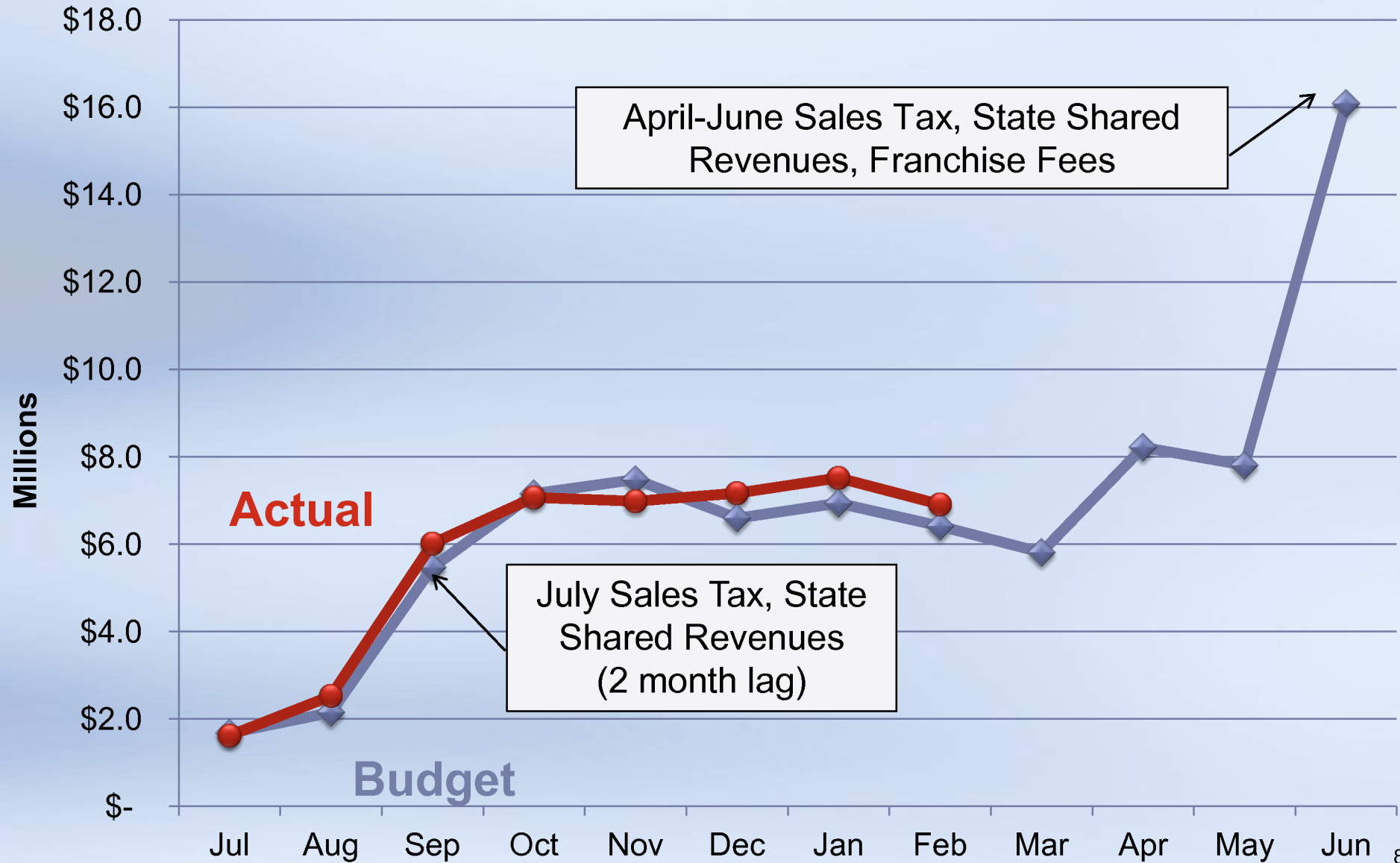
FYTD Revenues as of 2/29/12



FYTD Revenues by Category as of 2/29/12



FYTD Revenues by Month



3 Types of Adjustments



1. Economy

- Example: Sales Tax Revenues

2. Service Levels / Better Information

- Example: Rebates

3. Accounting Related

- No Effect to Bottom Line
- None Recommended

FY 2012 Revenue Adjustments (in millions)



Type	Adjustment	Amount	
Economy	Local Sales Tax (Non Construction)	\$0.2	
	Local Sales Tax (Construction)	0.5	
	State Shared Sales Tax	0.7	
	Interest Income	(0.1)	\$1.2
Service / Info	Building Permit and Related	0.2	
	Court Revenue – Caseload	(0.1)	
	Fire and Police	0.1	
	Parks & Rec. – CTCA Tournament	0.1	
	Facilities Revenue	(0.1)	
	Franchise Fees	(0.2)	
	Rebates (\$160,000 for FY 2005-2011 Jail)	0.5	\$0.5
	Total Change +2%	\$1.7	\$1.7

FY 2012 Updated Estimate



	Adopted Budget	Updated Estimate	\$ Change	% Change
Total Revenues	\$ 81.8	\$ 83.5	\$ 1.7	2%

2. Discuss FY 2013 Revenue Projections

Key Assumptions / Thoughts



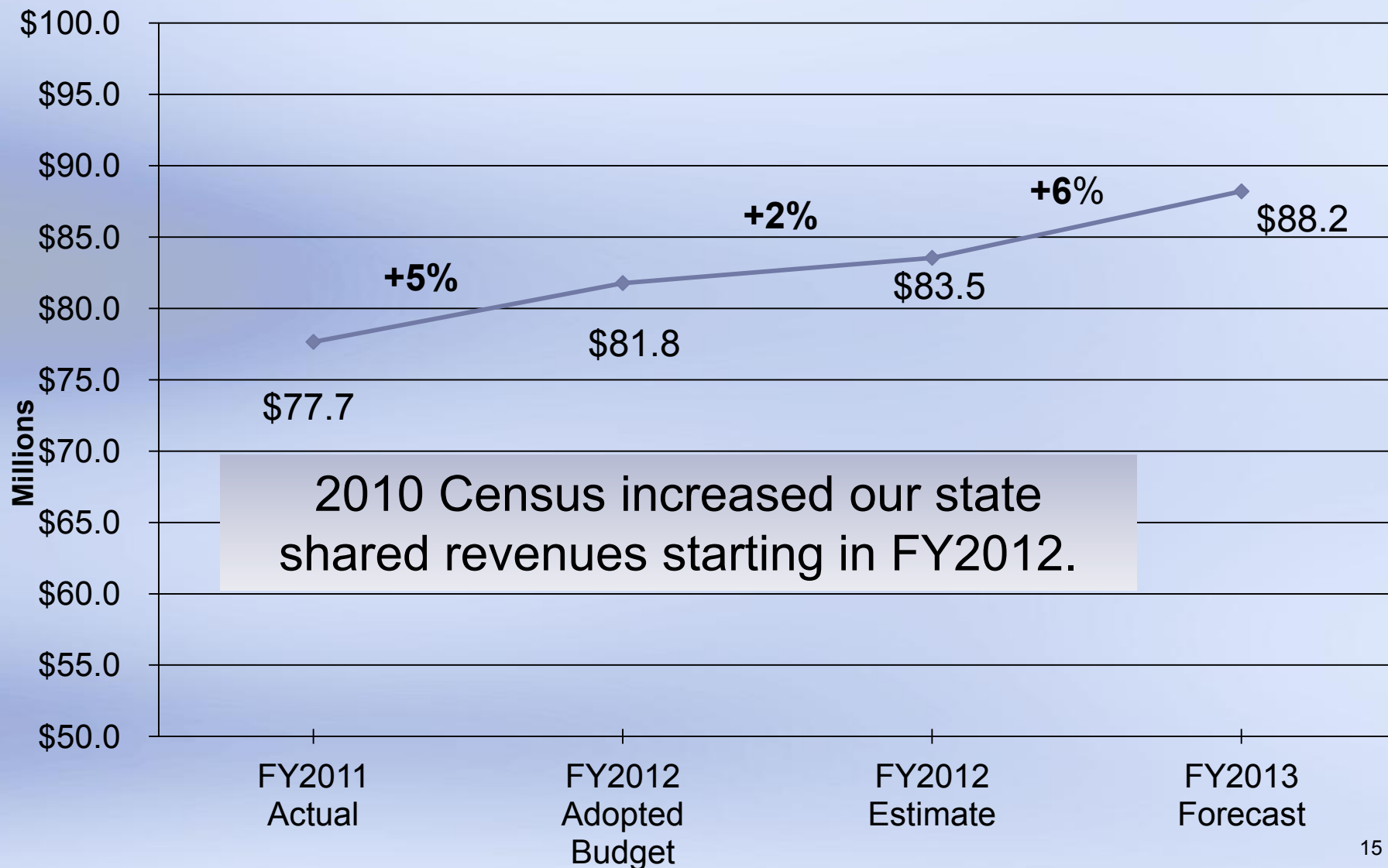
1. Improving Economy
2. Degree of Accuracy Varies by Category
 - State Shared Income Tax (Absolute Certainty)
 - Construction Sales Tax (Less Certain)
3. No Fee Increases
4. APS Franchise Fee Renewal is Voter Approved
 - Maintain Existing Revenue at \$2.2M

Pending Items

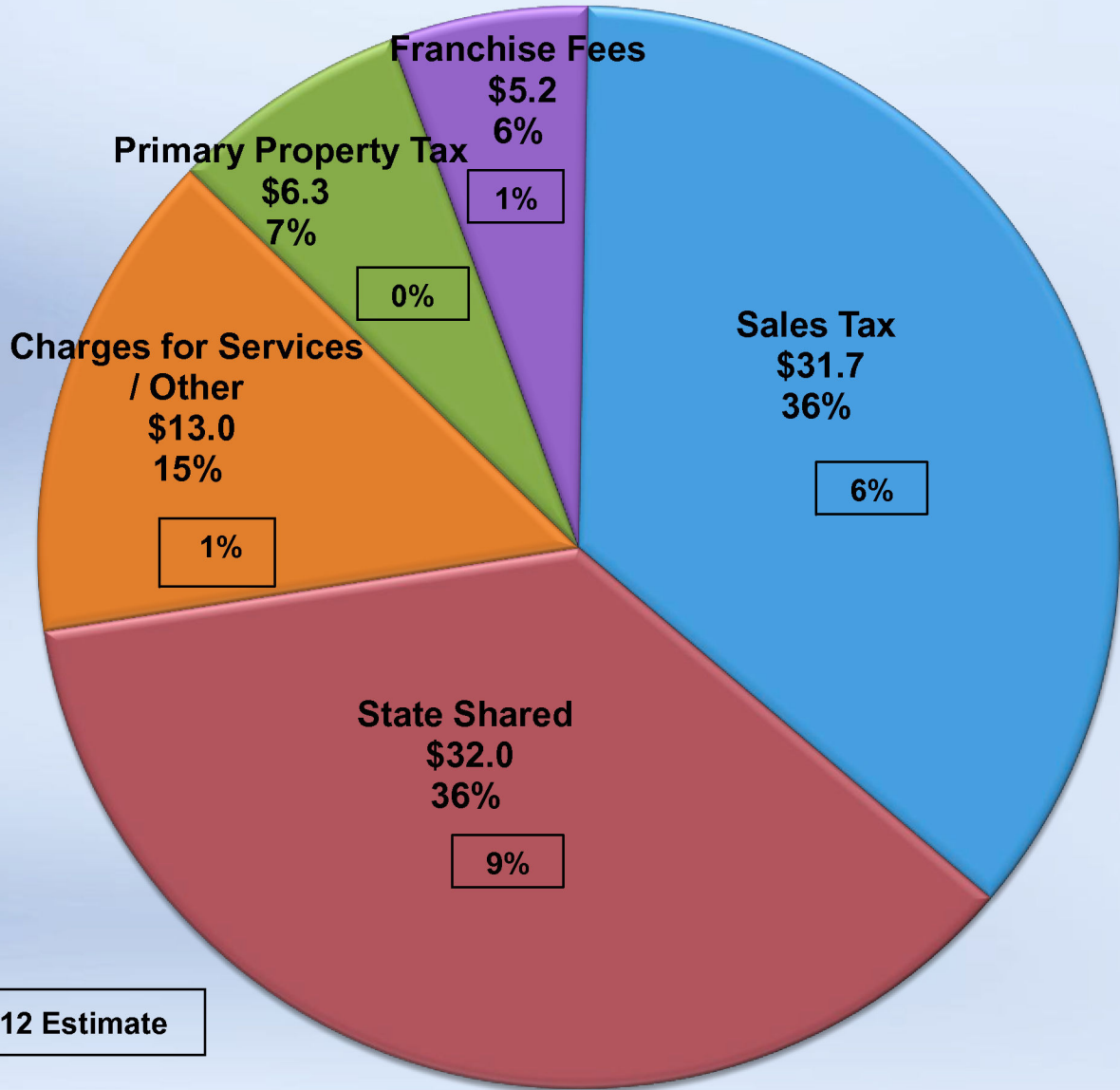


1. Property Tax Revenue Amount
 - Discussed Later
2. Final Estimates from League for:
 - Gas Tax (HURF)
 - State Sales Tax
 - LTAF II
3. Finalize Departmental Revenues

Operating Revenue Summary



FY 2013 Forecast: \$88.2M (+\$4.7M,+6%)



Change from FY 2012 Estimate

Summary: Operating Revenues (in millions)



Category	FY2011 Actual	FY2012 Adopted	FY2012 Estimate	Estimate to Adopted % Change	FY2013 Forecast	Forecast to Estimate % Change
Sales Tax	\$27.6	\$29.1	\$29.8	3%	\$31.7	6%
State Shared Revenue	24.0	28.7	29.4	2%	32.0	9%
Charges for Service / Other	14.0	12.4	12.9	4%	13.0	1%
Property Tax	7.0	6.2	6.2	0%	6.3	0%
Franchise Fees	5.1	5.3	5.1	-3%	5.2	1%
TOTAL	\$77.7	\$81.8	\$83.5	2%	\$88.2	6%

FY 2013 Revenue Changes (in millions)

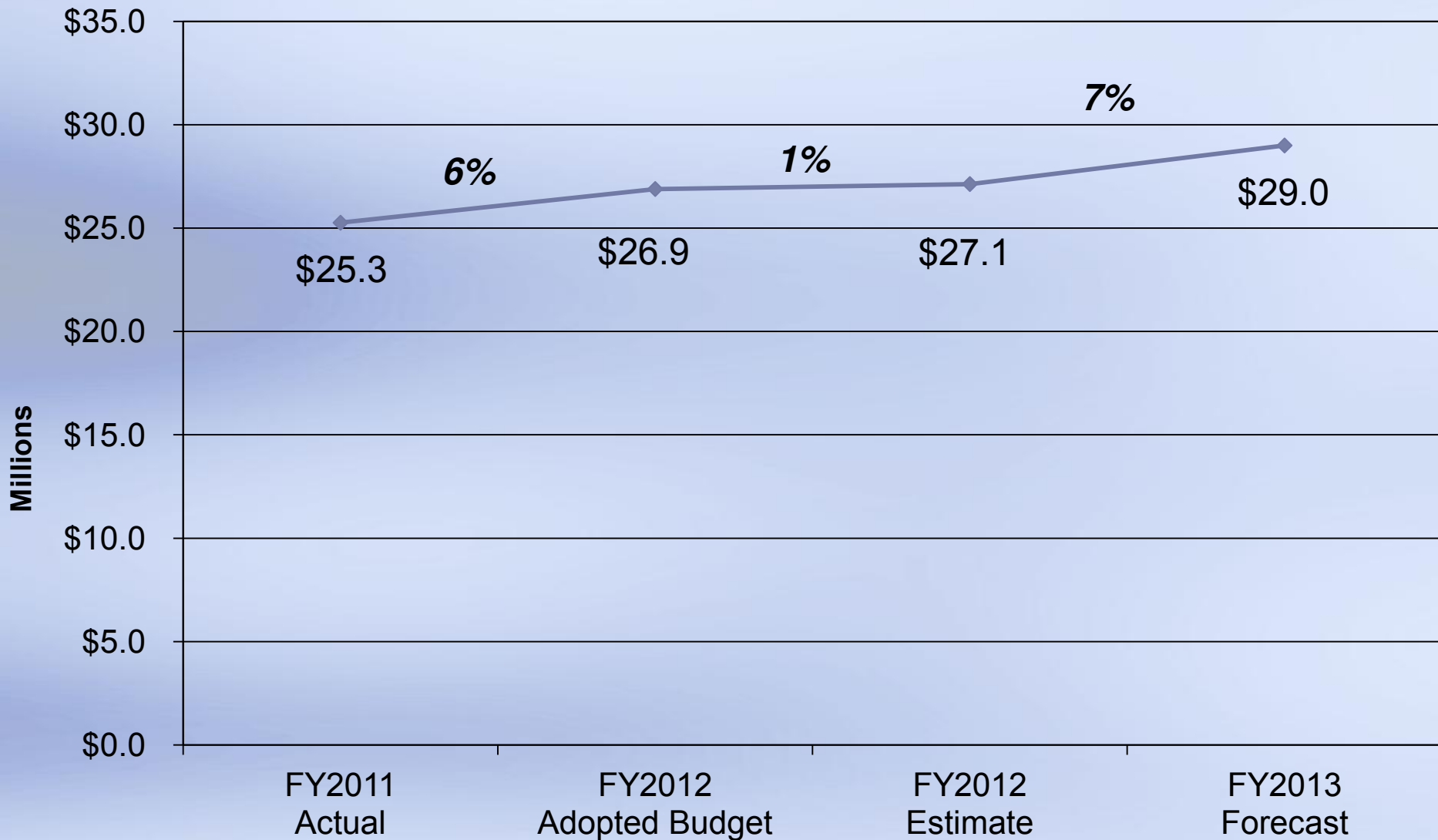


Category	Account	Amount	
Sales Tax	Local Sales Tax (non construction)	\$1.9	\$1.9
State Shared	State Shared Income Tax	2.1	
	State Shared Sales Tax	0.6	
	Vehicle License Tax	(0.1)	\$2.6
Services	Court, Police, Fire Revenue	0.1	
	Parks & Recreation (CTCA programming)	(0.3)	
	All Others	0.2	\$0.04
Property Tax	New Construction Only	0.04	\$0.04
Franchise Fees	Franchise Fees	0.1	\$0.1
	Total Change +6%	\$4.7	\$4.7

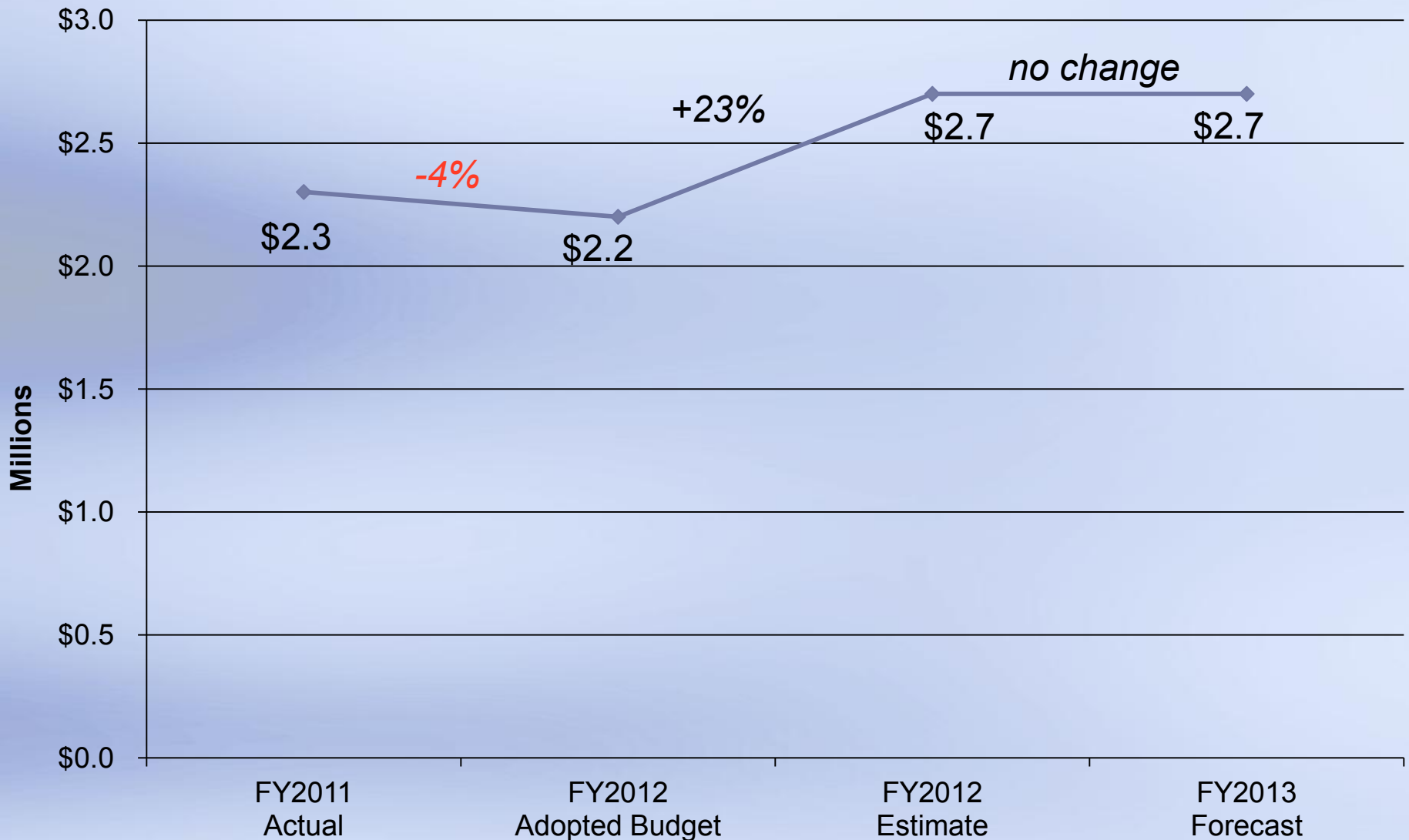
How are Sales Taxes Projected?

1. By category
 - Industry specific information used
2. Sales tax projection team
 - Sales tax audit staff, CFO, Deputy CFO and other staff
3. Report presented as Appendix of Monthly Financial Report
 - Adopted Monthly by City Council
 - Posted on “It’s Your Money”

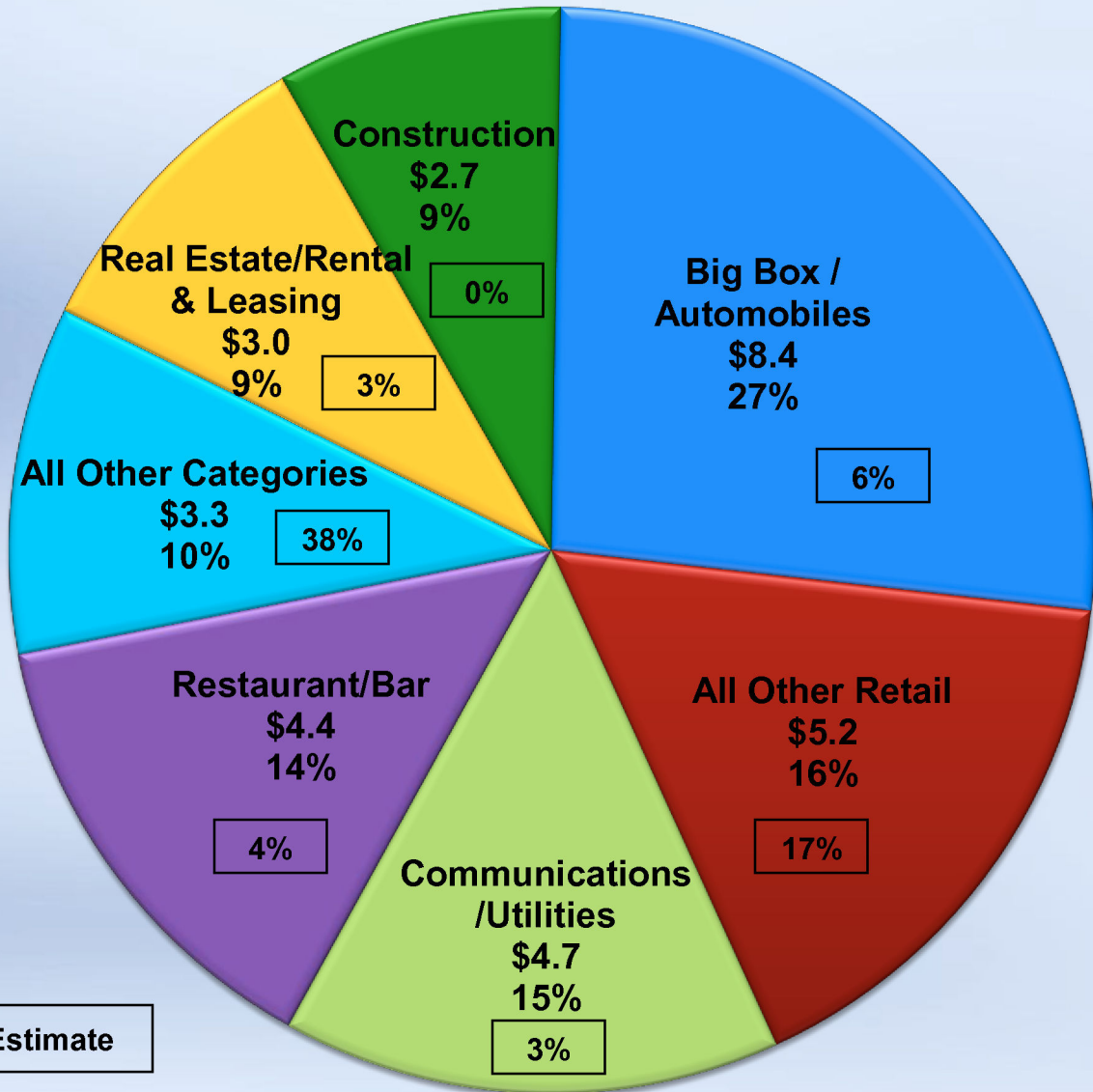
Sales Tax (excluding construction sales tax)



Sales Tax (construction sales tax only)

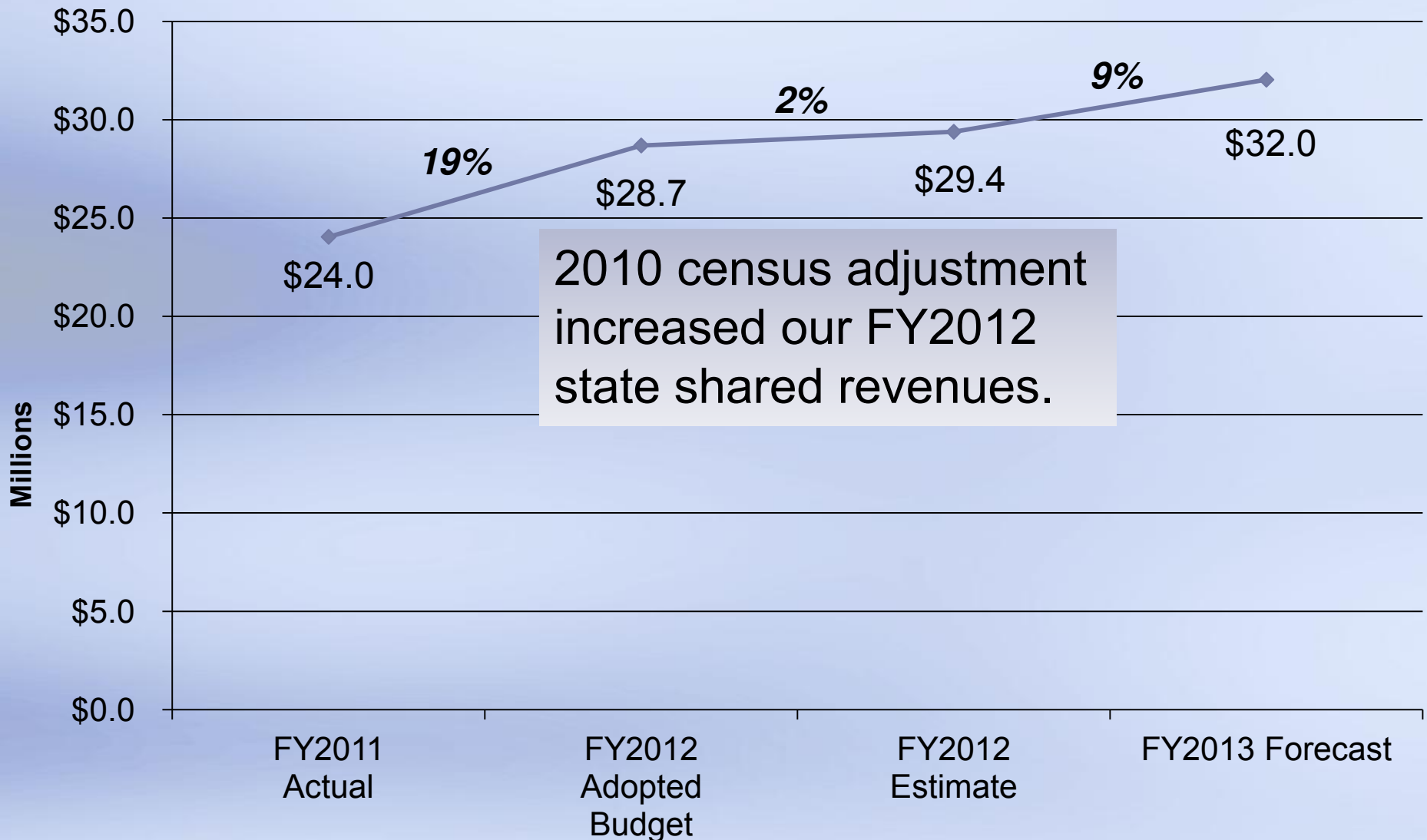


FY 2013 Sales Tax: \$31.7M (+1.9M,+6%)

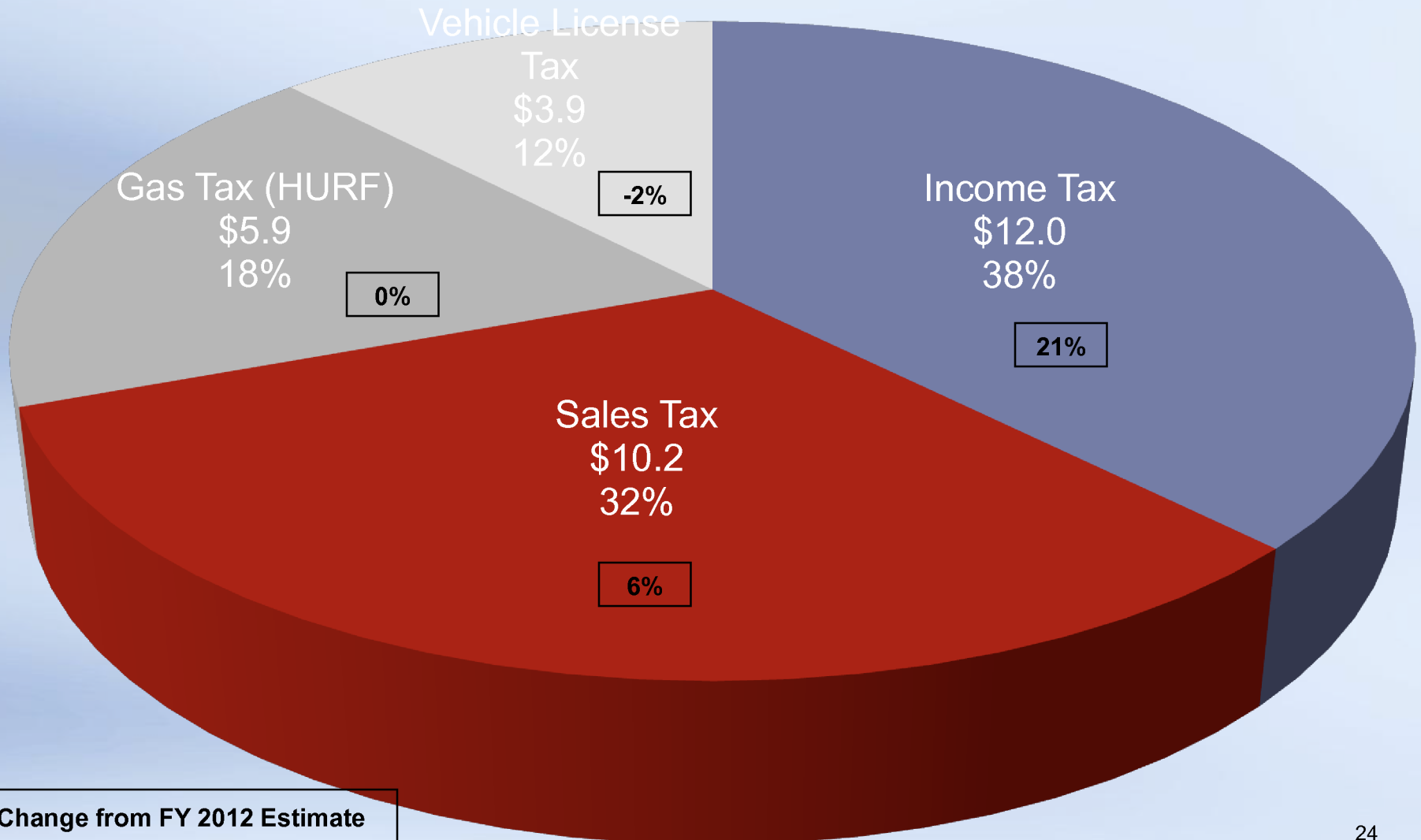


Change from FY 2012 Estimate

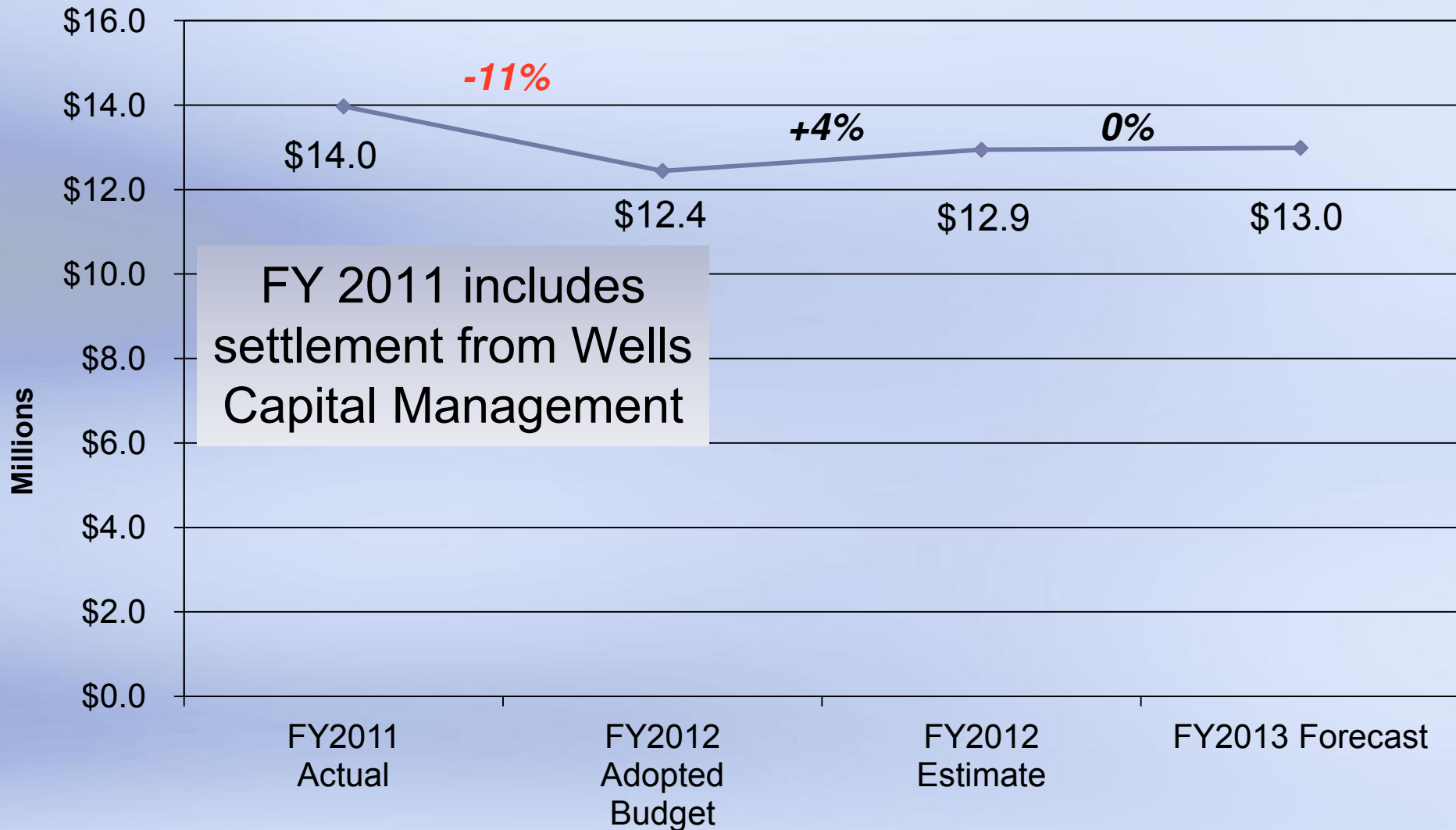
State Shared Revenues



FY 2013 State Shared: \$32M (+2.6M,+9%)



Charges for Services / Other



FY 2013 Services / Other: \$13M (+0.1M,0%)



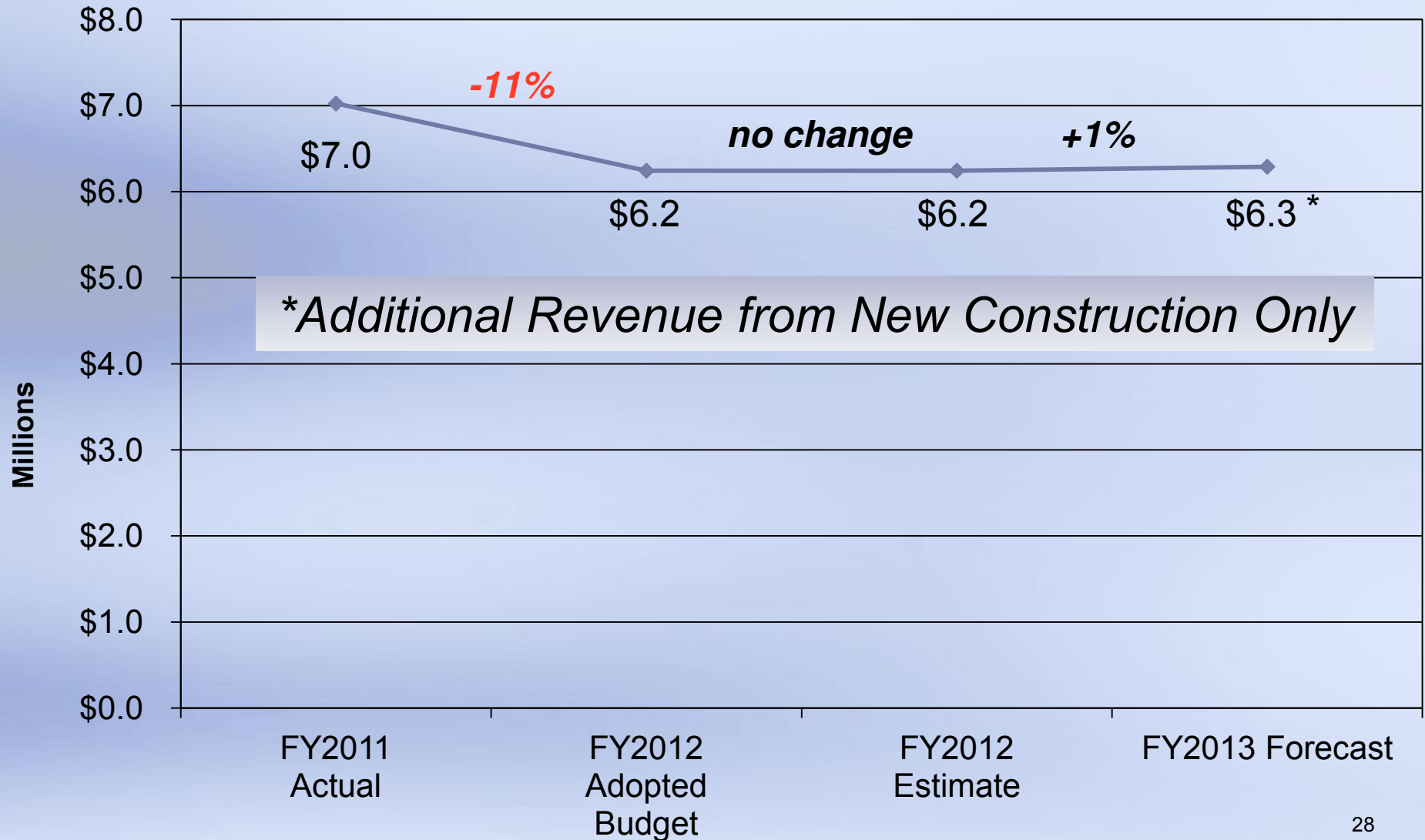
Category	FY2011 Actual	FY2012 Adopted	FY2012 Estimate	FY2013 Forecast	FY2013 % Change
Indirect Cost Assessment	\$3.7	\$3.7	\$3.7	\$3.7	0%
CRS Fees	4.4	3.9	4.1	3.8	-7%
Court Revenue	1.3	1.4	1.3	1.3	0%
Fire Revenue	0.7	0.7	0.7	0.8	8%
Police Revenue	0.6	0.6	0.6	0.7	4%
Community Dev. Fees	1.4	0.8	1.0	1.0	0%
All Other Revenue	1.0	0.2	0.5	0.7	35%
Continued on	Next	Slide			

Charges for Services / Other (continued)



Category	FY2011 Actual	FY2012 Adopted	FY2012 Estimate	FY2013 Projection	FY2013 % Change
Continued from	Previous	Slide			
Interest Income	0.1	0.2	0.0	0.0	0%
Public Works	0.3	0.2	0.2	0.2	0%
Facilities	0.4	0.4	0.3	0.3	-20%
Transit Fees	0.03	0.03	0.03	0.03	0%
Grant Revenue	0.03	0.0	0.0	0.0	0%
TOTAL	\$14.0	\$12.4	\$12.9	\$13.0	0%

Property Tax



Franchise Fees



FY 2013 Franchise Fees: \$5.2M (+0.1M, 1%)



Category	FY2011 Actual	FY2012 Adopted	FY2012 Estimate	FY2013 Projection	FY2013 % Change
APS Franchise	\$2.1	\$2.2	\$2.2	\$2.2	0%
Cable Franchise	1.1	1.1	1.1	1.1	0%
Business Licenses	0.6	0.7	0.6	0.7	3%
SW Gas Franchise	0.3	0.3	0.3	0.3	0%
Water Franchise	0.3	0.3	0.3	0.3	0%
CoS Wastewater Franchise Fee	0.3	0.2	0.3	0.3	0%
CoS Water Franchise Fee	0.2	0.3	0.2	0.2	0%
Sanitation Hauler's License	0.07	0.07	0.07	0.07	0%
Subtotal	\$5.1	\$5.3	\$5.1	\$5.2	1%

3. Determine Amount of Property Tax Revenues to Include in FY 2013 Revenue Projections

Determine the amount of:

1. Primary Property Tax Revenues and
2. Tort Reimbursements (none for FY 2013)

FY 2013 Property Taxes



- If at Maximum Amount, the Revenue Increase is limited to 2% over the prior year
 - If not at Maximum Amount, can increase to it
- City Council's responsibility is to determine the amount of revenue to be received
 - ~60,000 Parcels that are individually calculated
 - The Parcel Amount is based on 2 components:
 1. Assessed Value (County determined)
 2. Revenue to be Received (City determined)

FY 2013 Assessed Value Change



	Assessed Value	
FY2012	\$932M	
FY2013 Changes:		
Existing Property	(\$86M)	-9%
New Construction	<u>\$6M</u>	0%
Net Change	<u>\$80 M</u>	
FY2013	\$852M	-9%

City Council Policy Decision



How much Property Tax Revenue does the City want to receive in FY 2013?

	Revenue	Change from FY 2012	Levy Rate
FY 2012 Amount	\$6.2M		\$0.67
Options:			
A. Maximum <u>Revenue</u>	\$8.0M	+\$1.8M	\$0.94
B. Same <u>Revenue</u> (plus new Construction)	\$6.3M	+0.1M	\$0.74
C. Same <u>Revenue</u> as FY 2012	\$6.2M	\$0	\$0.73
D. Same <u>Levy Rate</u> as FY 2012	\$5.7M	-\$0.5M	\$0.67

Property Owner Impacts



- It is IMPOSSIBLE for EVERY parcel to pay the same amount in property taxes next year as they did this year
 - Assessed Value changes vary by property
- The Percentage Change in the Levy Rate DOES NOT equate to the Percentage Change in Taxes

Property Owner Impacts (continued)



- A property tax bill can increase, decrease, or remain the same without changing the Levy Rate

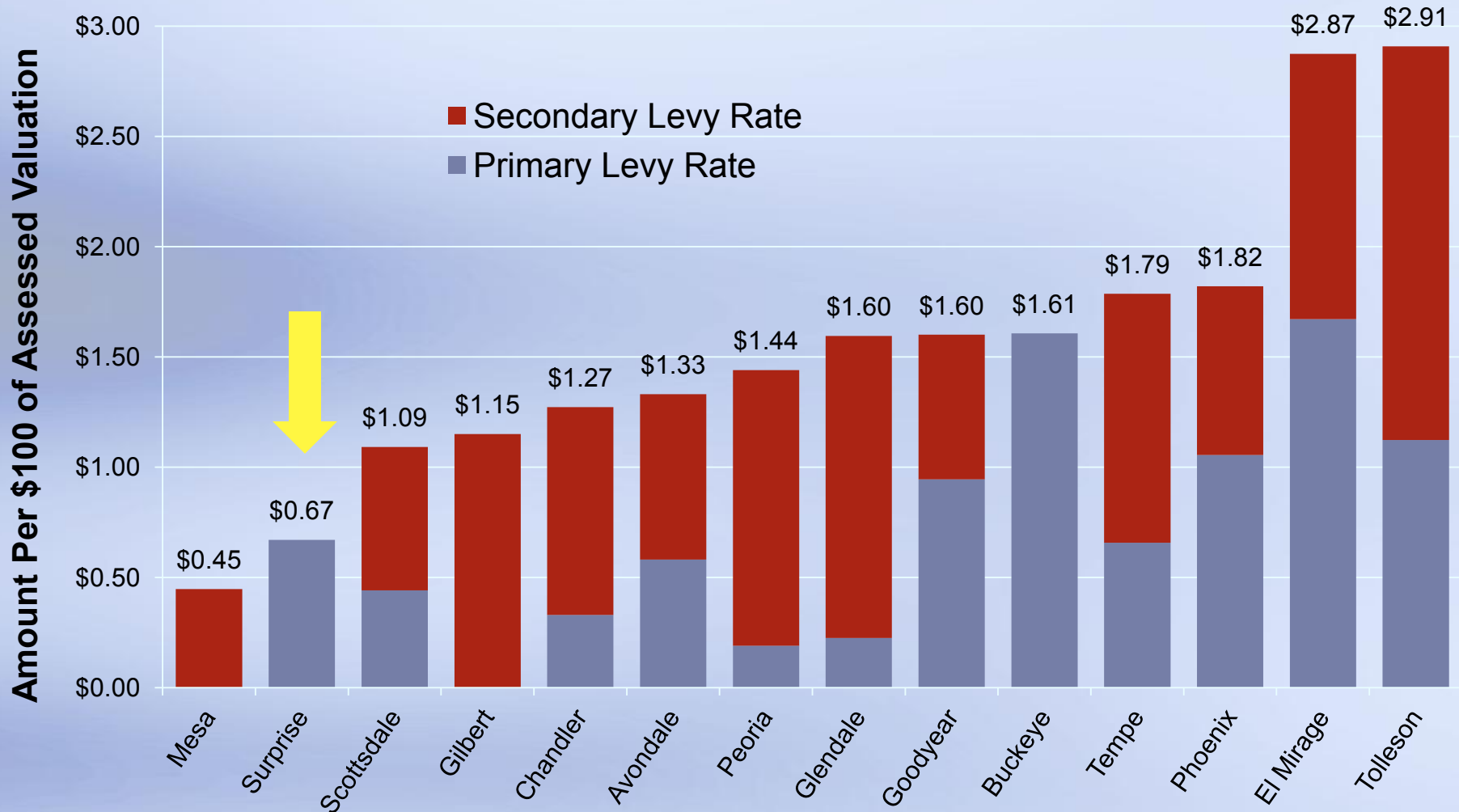
Assessed Value Change	Property Tax Change
Less Than -9% Change	Increase
-9% Change (Break Even)	None
Greater Than -9% Change	Decrease

Comparison



	Value	<u>Taxes if Same Revenues</u> as FY 2012	<u>Taxes if Same Levy Rate</u> as FY 2012	Difference
FY2012	\$100,000			
FY 2013 Scenarios				
AV -20%	\$80,000	\$58	\$54	\$4
AV -9% (Breakeven)	\$91,000	\$67	\$60	\$7
AV No Change	\$100,000	\$73	\$67	\$6
AV +10%	\$110,000	\$80	\$74	\$6

Comparative Tax Levy Rates



City Council Policy Decision



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Discussion and Questions

